



Office of Thrift Supervision  
Department of the Treasury

1700 G Street, N.W., Washington, D.C. 20552 • (202) 906-6590

Jonathan L. Fiechter  
Deputy Director

Washington Operations

January 31, 1992

TO THE CHIEF EXECUTIVE OFFICER OF THE SAVINGS ASSOCIATION  
ADDRESSED:

The purpose of this letter is to clarify OTS policy on branch closings. Section 228 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (the "Act"), signed into law December 19, 1991, contains new notice requirements for branch closings. Section 228 became effective on December 19, 1991.

The new statute renders obsolete current OTS regulations, which require a federal association to notify its Regional office not less than 60 days prior to closing a branch office, or as early as circumstances permit in the case of an emergency (12 CFR 545.94). On the other hand, Section 228 of the Act requires all federally insured depository institutions to notify their appropriate regulatory agency no later than 90 days prior to the date of the proposed branch closing.

The Act's notice provisions also require federally insured depository institutions that propose to close any branch to:

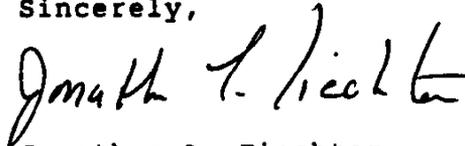
- o Include a detailed statement of the reasons for the decision to close the branch, and statistical or other information to support the reasons for closing, in the notice to its appropriate regulatory agency.
- o Provide notice of the proposed branch closing to its customers. That notice must be included in at least one of any regular account statements mailed to customers of the branch proposed to be closed, or in a separate mailing no later than 90 days prior to the proposed closing date.
- o Post a notice in a conspicuous manner on the premises of the branch to be closed at least 30 days prior to the proposed closing date.
- o Adopt policies for closing of its branches.

Questions have been raised about the application of Section 228 to branch closings that were scheduled to occur prior to March 18, 1992, where the 90-day notice requirement could not be met without deferring the closing date. The OTS recognizes that legal or other commitments with respect to existing branches may have been made prior to December 19, and that any postponement of the closing date may cause serious financial or other hardship to an association.

Therefore, the OTS will not object if a savings association closes a branch prior to March 18, 1992, if it uses its best efforts to comply with the notice provisions of the Act. Best efforts would include filing of a prompt notice with the OTS and with the branch's customers, as well as compliance with any other applicable OTS or state requirements. The notice to the OTS should be sent to the appropriate OTS Regional office. It should include a detailed statement of the reasons for the decision to close the branch, statistical or other information to support the reasons for closing, and a statement of the reasons why it would be a serious hardship to strictly comply with the 90-day notice requirement. Any branch closings subsequent to March 18, 1992 should be in full compliance with Section 228.

The new legislation raises additional policy questions in regard to branch closings that will be addressed in a subsequent release.

Sincerely,

A handwritten signature in cursive script that reads "Jonathan L. Fiechter". The signature is written in dark ink and is positioned above the printed name.

Jonathan L. Fiechter